

Message Text

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PAGE 01 TEGUCI 04461 172138Z

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 8365

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 4461

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: ELAB, PINT, ETRD, HO

SUBJECT: LABMIN FONSECA'S COMMENTS ON WORKER SUSPENSIONS

REF: TEGUCIGALPA 4449

SUMMARY: LABMIN FONSECA TOLD POLOFFS TODAY THAT HE HAD WORKED OUT AN AGREEMENT WITH LOCAL MANAGEMENT OF UNITED BRANDS TO MINIMIZE UNEMPLOYMENT OF BANANA WORKERS. A ROTATIONAL WORK ARRANGEMENT WILL BE CREATED SO THAT ONLY 2,200 WORKERS OF THE 12,000 MAN WORK FORCE WILL BE SUSPENDED. REGARDING AGRARIAN REFORM, FONSECA SAID THAT CONSIDERATION OF HIS DRAFT BY THE COUNCIL OF MINISTERS HAD BEEN SUSPENDED BY THE NEED TO CONCENTRATE ON PROBLEMS CREATED BY HURRICANE FIFI. AT THE MOMENT THERE IS NO CONSENSUS AS TO WHAT DIRECTIONS THE FINAL AGRARIAN REFORM LAW WILL TAKE OR EVEN IF THERE WILL BE A "FINAL LAW." END SUMMARY.

1. ON OCTOBER 17 LABMIN FONSECA DISCUSSED WITH POLOFFS HIS RECENT EFFORTS TO ARRIVE AT A SETTLEMENT WITH THE TWO
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CONFIDENTIAL

PAGE 02 TEGUCI 04461 172138Z

AMERICAN FRUIT COMPANIES THAT WOULD MINIMIZE UNEMPLOYMENT

RESULTING FROM HURRICANE FIFI. FONSECA CONFIRMED THAT THE LABOR MINISTRY HAD RECEIVED PETITIONS FROM APPROXIMATELY 40 COMPANIES TO SUSPEND APPROXIMATELY 18,000 WORKERS. THE TELA RAILROAD CO. (UNITED BRANDS) WANTED TO SUSPEND 7,300 WORKERS AND STANDARD FRUIT WANTED TO SUSPEND OVER 3,000.

2. FONSECA MET WITH UNITED BRANDS LOCAL MANAGEMENT ON OCTOBER 16 AND NEGOTIATED AN AGREEMENT WHEREBY 2,200 COMPANY WORKERS WILL BE SUSPENDED. THE OTHER COMPANY WORKERS WILL WORK ALTERNATE WEEKS, THEREBY SUFFERING A 50 PERCENT REDUCTION IN INCOME. THE COMPANY WILL PROVIDE BOTH PLOTS OF GROUND AND SEED SO THAT WORKERS CAN SUPPLEMENT THEIR REDUCED INCOME WITH A FOOD CROP. THE RAILROAD WILL SUSPEND APPROXIMATELY 90 WORKERS USING PROCEDURES ESTABLISHED BY THE COLLECTIVE BARGAINING CONTRACT. VIRTUALLY ALL OF THE 2,200 WORKERS SUSPENDED ARE DEPENDENTS OF COMPANY EMPLOYEES SO THAT THE GREAT MAJORITY OF COMPANY FAMILIES WILL HAVE AT LEAST ONE WAGE EARNER.

3. FONSECA HAS TENTATIVE PLANS TO TRAVEL TO LA CEIBA ON OCTOBER 21 TO NEGOTIATE A SIMILAR AGREEMENT WITH STANDARD FRUIT.

4. TURNING TO AGRARIAN REFORM, FONSECA SAID THAT THE COUNCIL OF MINISTERS WAS STUDYING HIS DRAFT WHEN THE HURRICANE HIT AND THAT NO ACTION HAD BEEN TAKEN SINCE. WHEN THE REPORTING OFFICER MENTIONED THAT DECREE 8 EXPIRED IN DECEMBER, FONSECA ACKNOWLEDGED THAT ACTION WOULD HAVE TO BE TAKEN BEFORE THEN. (DECREE 8 IS AN INTERIM AGRARIAN REFORM PLAN INSTITUTED IN DECEMBER, 1972). HOWEVER, HE ADDED THAT THERE IS NO WAY OF KNOWING WHAT THAT ACTION WILL BE. FONSECA OPINED THAT THE AGRARIAN REFORM LEGISLATION IS NOT AS RELEVANT AS THE WILL TO IMPOSE REFORM. HE COMMENTED THAT ASIDE FROM BEING LABOR MINISTER, THE POST IN THE GOVERNMENT HE WOULD ENJOY MOST WOULD BE DIRECTOR OF THE NATIONAL AGRARIAN INSTITUTE. HE IS CONVINCED THAT HE COULD CARRY OUT A FUNDAMENTAL REFORM USING CURRENT LEGISLATION.

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